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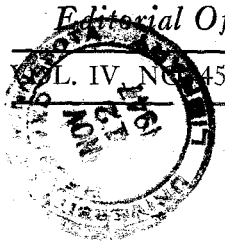

THE MORAL DANGER OF PLANNED ECONOMY

by Bertrand de Jouvenel

I have the most profound respect for the character and intelligence of Sir Stafford Cripps, who may fairly be compared to a Roman senator of the best period.

It is impossible to know him without succumbing to the austere charm of this virtuous man -- virtuous both in the modern sense of "moral" and in the ancient sense of "firm of purpose". He is beyond all question the most remarkable and the most imposing figure in the British Cabinet, and it is right that he should have been placed in charge of economic affairs. Only a mind of this high caliber could master the complexity of the problems now pressing, provide for the wide variety of measures required for their solution and clarify to the public a situation which is of a gravity to call for the united efforts of everyone.

Sir Stafford's speeches, whether in Parliament, or to audiences of workers or employers, or to the conferences of journalists which he summons twice a month, are models of clear and reasoned exposition.

One of these speeches, that of September 12, made at a critical moment, was marked by a tone of exceptional solemnity. In it he announced the exports program needed to save the country, and two thousand of the leaders of the economic life of Great Britain, industrialists, trade unionists and others, had been invited to hear it. A quite peculiar weight attaches to the carefully considered utterances of such a man at such a moment.

My purpose is to call attention to something which he said.

II

"We must face up squarely", said the Minister of Economic Affairs, "to the fact that the increased pressure upon production for exports with, we hope, a general speeding up of the whole tempo of production, will tend to put an even higher premium upon black market activities in industry." He continued:

> "There are already a number of selfish individuals who put their own profit-making above the urgent national needs and who are prepared in their own interest to try and get

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away from or get round the necessary controls that are imposed. The more stringent conditions in which we shall now be operating our production will make it even more profitable to be dishonest [underscore inserted] and we must, therefore, all of us be on guard to stop such activities and to take the responsibility of reporting them if they come to our knowledge."

This passage, if it is studied and its implications grasped, is a clear condemnation of dirigisme as it is now understood and practiced.

Every authority which, while wishing in the general interest to induce in men certain actions, enlarges the personal interest which they have to do the opposite, by that very fact renders inevitable either an increase in crime or else an increase in legal constraints, and probably both at once. In other words we have here the condition for a simultaneous decline both of civic honor and of Liberty.

Is elaboration necessary? "The source of our passions", said Rousseau, "the origin and the principle of all the others, the only one which never leaves a man from the day of his birth to the day of his death, is the love of self."

The essential motive force of a man is personal interest. Education, the parental and religious sort especially, may instill a right and necessary horror for certain courses of action and may close certain avenues to the natural appetites; it does not prevent the same primordial force from impelling him to the satisfaction of his own desires and the service of his own interests -- along all the other avenues. And the entire science of social organization consists only in so steering this force that a man may find his own advantage and profit in doing what is also useful to Society.

For the honor of our species it must be recorded that some men have been known to act with no thought other than general social or moral advancement. These have been the heroes or the saints. But it would be folly to base a society on the hypothesis that heroes and saints are in unlimited supply. If mankind as a whole were like that, all government, as was noted by some of the ancient philosophers, would be unnecessary. What we have in fact witnessed -- and morally it seems a bad sign -- is more and more government.

III

Laissez-faire Liberalism had realized a psychological truth when it affirmed that the more freely men follow the impulsions of their personal interest the greater will be the measure of their activity.

Its error lay in supposing that the collective interest would always be served by the pursuit of the various personal interests, a consummation which only occurs if a wise scheme of government makes

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modes of conduct which are disadvantageous to Society also disadvantageous to the individual and those which are advantageous to Society advantageous to the individual. This result can be reached, not by revolutionary violence, but by the vigilant wisdom of the statesman. The nice adjustments needed are those which, basing myself on the foregoing line of reasoning, I enunciated twenty years ago in a book entitled Directed Economy, a term which, as a description of something quite different, has had a most successful career.

In today's meaning of the phrase, "Directed Economy" is a policy of exercising over every activity useful to Society a control which allows these activities to yield a man only very closely calculated advantages. Yet at the same time, by leaving the essential activities and going outside the law, a man may -- and it is Sir Stafford Cripps who says it -- hope for larger and larger rewards. In this way activity which is beneficient, and conduct which is within the law, are put at a disadvantage and all the natural energies generated by personal interest are diverted away from social ends. The result is that the need to maintain the order of Society forces Power, instead of using human energy constructively, to promote waste by warring against energy.

Appeal is made to the moral sense and certainly in Great Britain it has been, and is, possible to make large drafts on this. But in truth morality is not a thing which is at the beck and call of governments. The moral inhibitions, born in the conscience of man and brought to fruition by education, cannot be infinitely extended to keep up with every new inhibition imposed by the temporal power. It is, we know, wicked to assassinate women of property. But we are not easily to be persuaded that it is no less wicked to sell a quantity of butter or steel to Peter, at a price fixed by the government, rather than to Paul, who offers us a better price. The distinctive characteristic of moral evil -- that the inculpated act is without exception bad at all times and in all places -- is entirely absent when it is merely a case of breaches of occasional regulations forbidding suddenly what had previously been legitimate.

Here, too, respect for the law may, on the whole, prevail; but only on condition that the rewards for breaking it are not too large. There is, I believe, no country in the world where economic regulations are more respected than in Switzerland, a country which is certainly permeated by a high sense of civic duty. However, there is also in Switzerland a carefully conserved inheritance of great governmental wisdom, which does not permit the rewards of illegal conduct to become so great as to maximise temptation.

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This epoch of ours tries, in vain, to nullify the classical distinction between the Law and the laws. The Law makes formal proclamation of man's natural obligations and of the basic precepts of life in Society. The laws and regulations merely lay down modes of behavior held by temporary rulers to suit temporary circumstances.

Let the similarity in form between these two species of imperatives be what it may, the individual conscience will always know the difference, and will never be convinced that a breach of an economic regulation is in the category of sin. Yet in that category, though indirectly, it is. For every affront given to the prestige of the law starts a ripple which spreads in time to every part of the social order and over the whole field of personal morality.

For this sin, however, the citizen who breaks the law does not bear the sole responsiblity. The legislator who has strained the limits of legislation and has sought to do too much by means of lawful command is at least as much in fault.

For he has devalued Law; he has made of her, whose majesty should have abided no-one's question, the instrument-of-all-work for meeting the daily necessities of government. Even admitting that the ends pursued were substantially deserving and the results desired salutary, even admitting that the laws were not, as is too often the case with laws today, partisan and passionate, still it was in the economic motive force that search should have been made for means to reach these ends and obtain these results.

Therein lay, in the expression's true meaning, the direction of an economy, and the test of wise direction would have been whether the employments to which it was sought to attract men had become more profitable and the others less. If the opposite has happened, then the direction has been bad, and conflict has been created between men and laws.

Recourse must then be had to the informer and the policeman. By the size of the part played by these two in the ordering of Society, it may be known whether government has conceived that ordering in wisdom or in folly. The present decay of Liberty is a certain sign of faulty calculations in the field of morals.

Bertrand de Jouvenel, French correspondent of HUMAN EVENTS, will visit Washington shortly and may be addressed at this office.

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Not Merely Gossip *A Supplement to* Human Events VOL. IV, NO. 45

By Frank C. Hanighen November 5, 1947

A current of criticism is rapidly undermining the prestige of Secretary of State Marshall. Newsweek reflected this critical spirit sometime ago in a story about the adverse reactions among newspaper correspondents to Marshall's handling of the UN situation. Not all of the trouble in the U. S. delegation is due to Marshall, it is true; much is properly laid at the door of U. S. Delegate Warren Austin whom reporters in the U. S. Senate long ago classified as "not too bright". But the major responsibility must remain Marshall's.

Again, the China Policy of the Administration which has been shaped by Marshall is now coming home to roost. Marshall's suppression of the Wedemeyer report has drawn many bitter words in the press. The line which Marshall followed when he was in China is now widely recognized as in effect anti-Nationalist and pro-Communist. Finally, the withholding of much-needed ammunition from hard-pressed Nationalist troops is attributed to the attitude of the Secretary of State.

This China policy has aroused the ire of two important personages -- Henry Luce, the publisher, and William C. Bullitt, former Ambassador and a prominent Democrat with entree to the White House. Luce, a strong supporter of the Chiang Kai-sheck regime, reportedly is in a mood to conduct an anti-Marshall crusade in his magazines. Bullitt has been at work in high places in the Administration and is capable of attacking publicly Marshall's record, if the Secretary does not reverse his policy.

Old military subordinates of Marshall are beginning to murmur. At the Army and Navy Club recently was heard the comment: "Doesn't George remind you of a General Staff officer who has suddenly been shifted to field command and doesn't know what to do?" And there are unkind souls who remark that Marshall was a yes-man for Roosevelt; and is now for Truman. The difference, it is caustically pointed out, is that now Truman doesn't know what orders to give, and "Marshall is lost".

Senators, formerly much impressed with Marshall's record as Chief of Staff during the war, are now disgruntled because he does not clean the fellow travellers out of the State Department. This column reported last summer that the Secretary of State cut a very poor figure when the Appropriations Committee grilled him on the matter. Finally, there are those who have been critical of Marshall since the days when he co-operated in the whitewashing of the Roosevelt Administration by the Democratic majority on the Pearl Harbor Investigating Committee. "The man who went horseback riding on that Sunday morning when he knew that Pearl Harbor might be attacked" -- is a cruel jibe which may obtain currency ere long.

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The House Committee (headed by Parnell Thomas) investigating un-American activities has recessed hearings until after Congress assembles on November 18. The reason for the suspension of the hearings was not because of criticism in some quarters of the investigation of Hollywood; nor because, as one member of Congress claimed, the Committee feared that Communists would stage a mass demonstration on Capitol Hill. The real reason involves tactical considerations.

The Committee has cited a number of Hollywood writers for contempt; but the citations must be approved by the House before these persons can be prosecuted in the courts on this charge. Further hearings are planned in which it is expected that more alleged Communists will refuse to answer questions and be cited for contempt. Few observers doubt that Congress will vote to approve the citations already made by the Committee. But the hearings on additional persons will be greatly strengthened by such Congressional endorsement. Hence the recess.

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The appalling dismantling policy in Germany is prompted by motives of a somewhat less exalted nature than those publicized by General Clay's spokesmen. We learn from reliable and expert sources that British, French and other Western industrial interests have wanted many German factories destroyed for the simple reason that the latter's products traditionally compete with their own output. It is interesting to note, say our expert friends, that the German steel plants which were dismantled had a strong competitive position in the pre-war market, while the surviving plants had freight rates which prevented them from competing abroad.

Among German chemical plants, those in Hoechst and Leverkusen were dismantled. These specialized in high-class dye products and had the best freight basis for export. We have recently heard of a factory near Bielefeld which was dismantled. It made combs of such a superior grade that British and French comb plants could not compete with the product in the world market. We gather that the reason for this plant's fate was that British comb interests managed to get one of their men named as a high ranking military officer in the occupation and the elimination of such a dangerous competitor was the one consecrated task the gentleman accomplished.

Whether or not the German masses know of or suspect these activities, no perceptive observer (we have in mind, in particular, the London Economist) has failed to stress the bad effect of the dismantlings on the morale of German workers. Indeed, many students of the German problem are coming round to the view that the psychological factor in the failure of Allied occupation has been greatly underrated. Mr. Lewis N. Brown, in his current book A Study of Germany, emphasizes that even if food, functioning railroads and various other material problems were improved, German recovery would still lag because the people lack hope.

We find this view forcibly stated in a letter from a well-informed German observer resident in Germany: "One hears constantly that the Ruhr miners are not producing what they could produce, because they are not receiving sufficient calories. No! That is an error. They produced more with still less calories five years ago. But, at that time, even the simplest, least capable man was filled with 'hope' which gave wings to his work. Today, on the other hand, he is depressed, tired and cynical. If one could give the miner HOPE, the Ruhr miner would produce not only the present goal of 350,000 tons a day, but even 400,000. The occupation Army's efforts are doomed to futility in Germany unless they can offer the German people hope."

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The Conservative landslide in British municipal elections is for the most part treated in the American press as a purely insular phenomenon. As a matter of fact, there is no reason why it should not be related to the general European wave against Marxism, whether Socialist or Communist, which is seen in elections in various European nations within the past month. The victory of the Rightist de Gaulle party two weeks ago was a Gallic symptom of a spirit not dissimilar to that which animated Britons last Saturday. At about the same time, elections in Norway -- which inspired little comment here -- showed a marked trend against the Communists and the Socialist Government. Last week, the Conservatives in Switzerland increased their strength in a general election, in which the Communists fared badly. The Communists made an even worse showing in Danish elections last week, where Center parties forged ahead. The trend in Scandinavia is so strong that it inspired the Basler Nationalzeitung to say, "Communism in Scandinavia is now on the downward trend. What is more, the majority of the citizens are tired of the State control policy of the governments. Opposition is growing stronger and stronger among all classes of the population against the State's dictation and planned economy."

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Some qualifications, however, should be mentioned in connection with the British situation. While British Conservatives now proclaim that they will take power in Westminster before six months are out, cautious observers say that one should watch the outcome of a half dozen by-elections scheduled for coming weeks, before such positive predictions are made. Also, a British Conservative source warns us that when a general election is held (and he thinks it will be held before many months), the emphasis of the Conservative campaign will be on "turn the bunglers out", rather than on the errors of Socialism.

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The Green International, claiming to represent 100 million peasants of Eastern Europe, has as one of its principal planks, private ownership of land. This, at least, links it with the growing conservative trend in Western Europe as described above. On April 9, 1947, this column noted the revival (it was first started after World War I) of the Green International, with headquarters in Washington. Dimitrov, exiled Bulgarian Peasant Party leader and Matchek famous agrarian chief from Croatia met here with other figures and laid the foundations for the International Peasant's Union, more widely known as the Green International. They were later joined by an emissary from Maniu, Romanian peasant leader (now on trial for his life in Bucharest). But, the GHQ of the International was waiting for another figure who could represent the most important peasant group in Europe.

This week, he arrived in London after a dramatic journey through the Iron Curtain. The escape of Mikolaczyk, head of the Peasant Party in Poland, proved no less thrilling for the leaders of the Green International than it was for the general public. For these leaders had refused to recognize any other representative of the Polish agrarian masses. His presence in the West, it is anticipated, should lead to a renewed campaign by the Green International. In manifestos issued last July and again in October, this organization demanded freedom for all Eastern European States from Soviet domination. The prospect, therefore, is strong for a propaganda war between the Green International and the Cominform.

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We are happy to print the following letter from two English writers: "Our attention has been drawn to a shameful appeal occupying a whole page of the September issue of the English journal Horizon, under the heading, 'Our American Begging Bowl'. The appeal suggests to American readers that we are facing hard times here where food is concerned and that these conditions make it difficult to write and paint. American readers are invited to send food parcels to Horizon authors, with the comment 'too long a sacrifice can make a stone of the heart'.

"As English authors ourselves we feel very ashamed that such an appeal should have been made. Food conditions here are admittedly not as good as in America, but they are infinitely better than in Germany and Austria, and many other European countries. Fish, fruit and vegetables are all unrationed and plentiful. Though we very rarely use restaurants, we ourselves find it possible to send large quantities of food, regularly, from our rations, to Germany and Austria, and many other people are doing the same.

"We object to the implication that authors should be a privileged class, when in fact where rationing is operative it is the manual worker who suffers most. We do indeed hope that Americans will be generous to the hungry millions of Europe -- amongst whom we English are not yet to be included -- and that priority will be given to those whose need is greatest. Yours faithfully. (Signed) Ethel Mannin, Reginald Reynolds."

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Book Events

Touchstone for Ethics: 1893-1943, by T. H. Huxley and Julian Huxley. New York and London: Harper and Brothers, $3.00. Reviewed by J. M. Lalley.

This little book is an interesting skirmish in the battle being waged by the hard-pressed champions of scientific naturalism for the recovery of their vanishing prestige. Mr. Julian Huxley is rather desperately concerned with proving that even though God does not exist it will not be necessary to invent Him -- that, despite all appearances to the contrary, natural science is capable of providing a firmer basis of morality than any religious or metaphysical Absolute.

The disorder which has been created among devotees of the cult of scientism by the successive shocks of the last quarter century is not dissimilar to the panic created among the Victorian moralists by the publication of The Origin of the Species. It was Darwinism that demolished the genial and optimistic utilitarian ethical edifice of the earlier Nineteenth Century. Bentham, having identified goodness and happiness, had persuaded his countrymen that men are necessarily moral when each is pursuing his own happiness. But the Benthamites, as Mr. Huxley observes, had conveniently ignored the problem of what happens where the happiness of one individual conflicts with that of another. The problem becomes urgent in a world in which all life is engaged in a fierce and incessant struggle for survival.

One of those who undertook to answer the question was Mr. Huxley's grandfather, the celebrated T. H. Huxley, and two of his papers on the subject are included in this volume. It must be said that Grandfather Huxley faced the problem manfully. The cosmic process, he asserted, "has no sort of relation to moral ends". Thus if we wish to live in Society, we must set ourselves in opposition to the ways of nature. "Social progress means a checking of the cosmic process at every step and the substitution for it of another, which may be called the ethical process, the end of which is not the survival of . . . the fittest . . . but of those who are ethically the best." Morality, then, is no collaboration with nature, as the Stoics and the Schoolmen had believed, but a struggle against her. The struggle must continue "as long as the world lasts", but in the struggle we have one powerful weapon, namely intelligence. Thus the elder Huxley placed upon science the duty of resisting this "tenacious and powerful enemy".

But other interpretations of the ethical implications of Darwinism were also possible. There were, for example, the "fanatical individualists", as the elder Huxley called them, who felt that the doctrine of natural selection gave them sanction to crush their competitors by any means possible and who perceived in slums, sweat shops and workhouses the condign penalties of "unfitness". There was also Karl Marx who discovered that morality is a mere device of the bourgeoisie for delaying the evolutionary triumph of the working class. It is a great pity, Mr. Julian Huxley thinks, that Grandfather Huxley could not have heard about Freud before putting such implicit trust in the human intelligence and that Lenin and Trotsky could not have studied modern sociology and social anthropology as well as economics before jumping to the conclusion that where the end is the classless society there is no reason to be squeamish about means.

And so, Mr. Huxley, after gathering what he deems to be all the relevant data from all the sciences, proceeds to construct a theory of his own in which the antagonism between evolution and morality that agitated his grandfather is neatly cleared away, and his theory is even reconciled, after a fashion, with The Perennial Philosophy of Brother Aldous. There is, I regret, no space in which to summarize Mr. Huxley's evolutionary ethics; but I can tell you at least that it includes a place for conscience -- which, it seems, has its origin in the sex life of the human infant.

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